

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|---|----------------|---------------|---------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. MEMBER MONTHS..... | XXX | 7,048,402 | 9,395,138 |
| 2. Net premium income | XXX | 1,645,367,347 | 1,955,387,836 |
| 3. Change in unearned premium reserves and reserve for rate credits | XXX | | |
| 4. Fee-for-service (net of \$ medical expenses) | XXX | 453,481 | 424,950 |
| 5. Risk revenue | XXX | | |
| 6. Aggregate write-ins for other health care related revenues | XXX | 0 | 0 |
| 7. Total revenues (Lines 2 to 6) | XXX | 1,645,820,828 | 1,955,812,786 |
| Medical and Hospital: | | | |
| 8. Hospital/medical benefits | | 1,338,178,254 | 1,687,207,314 |
| 9. Other professional services | | 30,906,976 | 27,380,489 |
| 10. Outside referrals | | 3,956,728 | 7,509,639 |
| 11. Emergency room and out-of-area | | 85,628 | 3,255,284 |
| 12. Aggregate write-ins for other medical and hospital | | 82,657,954 | 50,298,559 |
| 13. Incentive pool and withhold adjustments | | | |
| 14. Subtotal (Lines 8 to 13) | | 1,455,785,540 | 1,775,651,285 |
| Less: | | | |
| 15. Net reinsurance recoveries | | | |
| 16. Total medical and hospital (Lines 14 minus 15) | | 1,455,785,540 | 1,775,651,285 |
| 17. Claims adjustment expenses | | | |
| 18. General administrative expenses..... | | 153,921,038 | 199,760,510 |
| 19. Increase in reserves for accident and health contracts | | | |
| 20. Total underwriting deductions (Lines 16 through 19) | | 1,609,706,578 | 1,975,411,795 |
| 21. Net underwriting gain or (loss) (Lines 7 minus 20) | XXX | 36,114,250 | (19,599,009) |
| 22. Net investment income earned | | 5,384,538 | 10,685,742 |
| 23. Net realized capital gains or (losses) | | 313,025 | (724,963) |
| 24. Net investment gains or (losses) (Lines 22 + 23) | | 5,697,563 | 9,960,779 |
| 25. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)] | | | |
| 26. Aggregate write-ins for other income or expenses | | (18,135,659) | (3,676,937) |
| 27. Net income or (loss) before federal income taxes (Lines 21 plus 24 plus 25 plus 26) | | 23,676,154 | (13,315,167) |
| 28. Federal and foreign income taxes incurred | XXX | | |
| 29. Net income (loss) (Lines 27 minus 28) | XXX | 23,676,154 | (13,315,167) |
| DETAILS OF WRITE-INS | | | |
| 0601. | XXX | | |
| 0602. | XXX | | |
| 0603. | XXX | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | XXX | | |
| 0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) | XXX | 0 | 0 |
| 1201. Other Supplies & Expenses..... | | 72,498,285 | 81,507,535 |
| 1202. Cost of Goods Sold..... | | 47,578,709 | 50,557,484 |
| 1203. Occupancy, Depreciation and Amortization..... | | 13,306,006 | 24,608,906 |
| 1298. Summary of remaining write-ins for Line 12 from overflow page | | (50,725,046) | (106,375,366) |
| 1299. Totals (Lines 1201 thru 1203 plus 1298)(Line 12 above) | | 82,657,954 | 50,298,559 |
| 2601. Miscellaneous & Other Income..... | | (18,135,659) | (3,676,937) |
| 2602. | | | |
| 2603. | | | |
| 2698. Summary of remaining write-ins for Line 26 from overflow page | | | |
| 2699. Totals (Lines 2601 thru 2603 plus 2698)(Line 26 above) | | (18,135,659) | (3,676,937) |

CAPITAL AND SURPLUS ACCOUNT

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CAPITAL AND SURPLUS ACCOUNT: | | |
| 30. Capital and surplus prior reporting year | 117,876,400 | 129,364,003 |
| GAINS AND LOSSES TO CAPITAL & SURPLUS: | | |
| 31. Net income or (loss) from Line 29 | 23,676,154 | (13,315,167) |
| 32. Change in valuation basis of aggregate policy and claim reserve | | |
| 33. Net unrealized capital gains and losses | 1,945,900 | |
| 34. Change in net unrealized foreign exchange capital gain or (loss) | | |
| 35. Change in net deferred income tax | | |
| 36. Change in nonadmitted assets | (9,255,000) | 2,816,089 |
| 37. Change in unauthorized reinsurance | | |
| 38. Change in treasury stock | | |
| 39. Change in surplus notes | 9,997,525 | (988,525) |
| 40. Cumulative effect of changes in accounting principles | (16,300,000) | |
| 41. Capital Changes: | | |
| 41.1 Paid in | | |
| 41.2 Transferred from surplus (Stock Dividend) | 0 | |
| 41.3 Transferred to surplus | | |
| 42. Surplus adjustments: | | |
| 42.1 Paid in | | |
| 42.2 Transferred to capital (Stock Dividend) | | |
| 42.3 Transferred from capital | | |
| 43. Dividends to stockholders | | |
| 44. Aggregate write-ins for gains or (losses) in surplus | (16,256,525) | 0 |
| 45. Net change in capital & surplus (Lines 31 to 44) | (6,191,946) | (11,487,603) |
| 46. Capital and surplus end of reporting year (Line 30 plus 45) | 111,684,454 | 117,876,400 |
| DETAILS OF WRITE-INS | | |
| 4401. Transfer to Long-term Debt Subject to Insurance Commissioner Pre-approval..... | | (9,404,000) |
| 4402. Long-term Debt Subject to Insurance Commissioner Pre-approval..... | (4,505,000) | 9,404,000 |
| 4403. Surplus Notes Issued..... | (11,751,525) | 0 |
| 4498. Summary of remaining write-ins for Line 44 from overflow page | | |
| 4499. Totals (Lines 4401 thru 4403 plus 4498) (Line 44 above) | (16,256,525) | 0 |